Climate change is not the world's biggest problem

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Body

In the beginning, the science of climate change was emphatically apocalyptic - with its images of starving multitudes, global plagues and civilizations lost, like Atlantis, to the relentless rising of seas and oceans. Although the beginning wasn't all that long ago (roughly dated to the 1980s), the scientific consensus is already more muted. Now, increasingly, science advises people to turn off the alarms. The question arises: Why are so many people still going berserk? Richard S. J. Tol, a distinguished climate scientist himself, remarked on this phenomenon in a paper published last week: "Projections of future climate change have become less severe over time," he observes, "even though public discourse has become shriller."

Tol suggests that we will one day wonder what exactly the climate-change "fuss" was all about. His analysis of climate-change policy indicates that the debate is no longer as much over science - notwithstanding the vast unknowns that remain - as over politics. The European Union, he noted, already committed to an extreme carbon-emissions program, will seek to reduce greenhouse-gas emissions by 20 per cent by 2020. (The U.S. is preparing for a 17 per cent reduction; Canada will be obliged to match it.) Tol says "stringent" climate- control targets of this kind are "rather silly," scientifically and financially. They will prove very costly, he says, and possibly infeasible, too.

Tol speaks with a certain authority. He is a research professor at the Economic and Social Research Institute in Dublin. He is a professor of the economics of climate change at Vrije University in Amsterdam. He is adjunct professor in the Department of Engineering and Public Policy at Carnegie Mellon University in Pittsburgh. He is an associate professor at the Centre of Marine and Atmospheric Science in Hamburg. He is an author of the most recent report of the UN's Intergovernmental Panel on Climate Change. And he asserts that effective carbon-reduction programs need impose only remarkably small costs.

In a paper prepared for the Copenhagen Consensus Centre, the think-tank directed by controversial environmentalist Bjorn Lomborg, Tol analyses five alternative policies for reducing carbon-dioxide emissions.

In the first scenario, Tol hypothesizes that the EU spends US$2.5 trillion to reduce emissions in OECD countries before 2020. He concludes that the benefit-cost ratio would be 1/100 - $1 in climate-control benefit for every $100 investment.

In the second scenario, this same $2.5 trillion is spent globally in the same period. In this case, the benefit-cost ratio - though slightly "less silly- " remains 1/100.

In the third scenario, global spending continues at the same rate from 2020 through 2100. In this case, most of the negative impacts of global warming are avoided - but the costs are so high that the benefit/cost ratio is still a dismal 1/50.

In the fourth scenario, the countries of the world invest $2.5 trillion in a trust fund; the income from this fund pays for emissions-reduction through 2100. In this approach, the benefit-cost ratio improves greatly: $1 in benefits for every $4 in spending.

In the fifth scenario, the countries of the world put 1/20th of $2.5 trillion into a trust fund; the income pays for emission-reduction through 2100. In this instance, the benefit-cost ratio improves dramatically to 3/2. This conservative approach, in other words, pays $3 in climate-charge benefits for every $2 invested. "The fifth scenario," Tol says, "is the only scenario worth funding."

From this perspective, the less we do to reverse global warming, the better the return on investment. Tol observes that the hypothetical spending program with the best economic return could be put into place, in real life, by levying a modest global tax - perhaps $2 per tonne of carbon emissions. In contrast, many governments advocate carbon taxes of $10-$12 per tonne; some environmentalists have argued for carbon taxes as high as $350 a tonne.

Tol says the best science recognizes that climate change is a problem - "but not the biggest problem in the world or even the biggest environmental problem. " For one thing, the net benefits of climate change will exceed the net costs for decades, especially in the richer, industrialized countries. In due course, some regions of the world, principally in Africa, will experience net costs.

Tol notes that there has been "a history of exaggeration" in the analysis of climate-change impacts. Only nine significant expert studies of these impacts have ever been done, he says - but 232 different expert conclusions have been drawn from them. In fact, he says, the real choice for governments is this: Either spend great amounts of money to limit the change in global temperatures or compensate Africa with development assistance to stimulate African economic development.

What's the cost of doing nothing at all? Noting that one-half of all probable environmental damage has already occurred (and won't be reversed), Tol estimates that a further doubling of greenhouse gases would inflict "relatively small" further damage.

Without heroic government intervention, he says, climate change will probably cause damage equal to losing two years of economic growth - coincidentally the same damage caused by an average recession.

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